

**State Employee Benefits Committee  
Tatnall Building, Room 112  
Dover, Delaware 19904**

The State Employee Benefits Committee met June 25, 2018. The following people were in attendance:

**Committee Members:**

Saundra Johnson, DHR, Chair  
Bethany Hall-Long, Lt. Governor  
Art Jenkins, Designee for CGO  
Evelyn Nestlerode, Designee of Chief Justice, Administrator of Courts  
Ken Simpler, OST  
Stuart Snyder, Designee for DOI  
Jeff Taschner, DSEA  
Kara Walker, DHSS

**Guests:**

Faith Rentz, Deputy Director, Statewide Benefits Office (SBO), DHR  
Lisa Porter, SBO, DHR  
Patty Davis, Designee for DOJ  
Rebecca Breasure, DRSPA  
Jennifer Bredemeier, Univ of DE  
Rebecca Byrd, The Byrd Group  
Steven Costantino, DHSS  
David Craik, Pension Office  
Cherie Dodge-Biron, DHR

**Guests (continued):**

Cindy Diaz, OMB, PHRST  
Jacqueline B. Faulcon, DRSPA  
Becky Frazier, Retiree  
Bill Oberle, DSTA  
Paula Roy, DCSN  
George Schreppler, DCSN

Katherine Impellizzeri, Aetna  
Mike North, Aetna  
Carrie Schiavo, Delta Dental  
Judy Grant, Health Advocate  
Lisa Mantegna, Highmark  
Jennifer Mossman, Highmark  
Pam Price, Highmark  
Walt Mateja, IBM Watson Health  
Kevin Fyock, Willis Towers Watson  
Chris Giovannello, Willis Towers Watson  
Jaclyn Iglesias, Willis Towers Watson  
Rebecca Warnken, Willis Towers Watson

**Introductions/Sign In**

Secretary Johnson called the meeting to order at 2:00 p.m. Introductions were made.

**Approval of Minutes** - handout

Secretary Johnson entertained a motion to approve the minutes from the June 4<sup>th</sup> SEBC meeting. Secretary Walker made the motion and Mr. Taschner seconded the motion. The motion carried unanimously.

**Director's Report** – Faith Rentz, Statewide Benefits Office (SBO), DHR

**Open Enrollment (OE) Updates:** An overview of the last four Open Enrollment periods showing migration across the health plans was provided for 2015 through 2018. SBO is collecting final stats on the recent OE with notable enrollment increases in the EyeMed Vision plan, Aflac Supplemental benefits and Securian Group Universal Life Insurance program. SBO will be distributing a short post-OE survey to all employees enrolled in the health plan effective July 1<sup>st</sup> and will share the survey results with the committee at the July 23<sup>rd</sup> meeting.

**RFP Updates:** Centers of Excellence RFP has two finalists scheduled for interviews on July 18<sup>th</sup>. SBO intends to bring the initial recommendations to SEBC at the July 23<sup>rd</sup> meeting, followed by a vote in August. The Disability RFP was released today, with intents to bid due by July 11<sup>th</sup> and bid responses due by August 10<sup>th</sup>.

**Legislative Updates:** Ms. Rentz provided updates on the Bills that may impact the GHIP:

- SB 151: Contraceptive Coverage - changes to GHIP in coverage for Plan B emergency drugs without a prescription and 12 month supply of contraception at one time. SBO expects minimal impact. Bill passed Senate June 5<sup>th</sup> and released from House Committee (HC) on June 20<sup>th</sup>.
- HB 386: Coverage for treatment with IVIG for Pediatric Autoimmune Disease Neuropsychiatric Disorders associated with strep infections with an impact of \$100K. Passed the House June 14<sup>th</sup> and released from Senate on June 20<sup>th</sup>.
- SB 227 (replaces SB 199): Primary Care-require PCP rates be paid no less than Medicare rates with an impact of \$2.1M. Additional coverage of chronic care management with no patient responsibility may add additional costs which are unclear at this time due to low volume in the past. Passed Senate June 13<sup>th</sup>, released from HC June 20<sup>th</sup>.

- HB 323: Settlement funds to revert to General Fund which would impact the health fund in terms of monies received from TPAs due to subrogation with an impact of \$1.6M annually. Bill was tabled in committee on June 20<sup>th</sup>.
- SB 225 – provides coverage for non-opioid treatment for back pain, removes all limits for chiropractic care and physical therapy treatment with an impact of \$175K. Bill passed the Senate on June 21<sup>st</sup>.

**SBO Auditing** - SBO will be auditing the health and prescription plans for FY17 and FY18 along with the Employer Group Waiver Plan (EGWP) for CY16 and CY17. This process to begin late summer.

### **Group Health Financials**

#### **Fund Equity Report – (F&E) May 2018** – handout - Willis Towers Watson (WTW)

May was a rebate month with \$8.2M of rebates for the commercial plan and \$4.9M of rebates for EGWP. Total operating revenues came in at \$83.3M. May was a higher claim month with \$76M compared to the budget of \$72.7M with total operating expenses at \$79.2M. The fund equity balance for May is \$151.5M, creating a variance of \$68.6M.

#### **FY18 Qtr 3 Financial Reporting**

This financial reporting is updated through the Q3 and WTW is working on a new format to the Executive Summary to show how the GHIP is performing relative to budget, with year over year trends and drivers of the GHIP experience and actionable items. The GHIP is performing well with a 3% reduction in pharmacy. Key observations include the percent of prescription drug allowed amounts attributable to specialty medications that increased by 5 percentage points over the prior period to 39%, chronic condition prevalence remains well above benchmark for all top conditions, with increases in prevalence for diabetes and depression. Breast cancer screening rates declined 12% from prior period (from 54% to 42%) and the percent with annual screenings is now 8% below benchmark. HRA dollars are assumed to be included in the reported claims. Reconciliation with WTW vs Fund (one month lag) highlights the timing differences for claims and revenue items; for instance premiums shown under the Fund (\$607M) are on a one month lag vs the WTW amount shown of \$612M to be exact. Discussion around the GHIP goals and the strategic framework set in 2016 occurred.

#### **Group Health Planning** – handout - Willis Towers Watson (WTW)

**Health Care Cost Projections** were reviewed with reforecasting on fund basis, looking at FY19 and beyond. FY18 shows a year end surplus expected to increase over \$57.6M, then decreases to \$27.5M in FY19 that has an expected 7.4% trend. An erosion of the surplus appears in FY20 with a deficit of \$43.1M. WTW was asked to provide an updated forecast along with some historical data as June is expected to come in around \$14M. Eliminating the FY20 funding deficit will require a combination of premium increases and program/plan design changes, examples were outlined and reviewed.

**Health Savings Account (HSA)** advantages were reviewed that are not available in the current GHIP plans. New Jersey is the only surrounding State that offers a HSA. A follow up to the June 4<sup>th</sup> meeting provides illustrative scenarios with other options. The impact to members and savings to the GHIP were shown, the richer the design is made, the less savings to the plan. Illustrative examples for low, medium, and high utilizers were presented to reflect member impact. The GHIP has flexibility in the amount and timing of HSA seed money. Member's access to HSA funds along with examples of permitted coverage to receive HSA contributions were shown. New hire enrollment patterns show CY2018 at a 30.4% waived coverage. The value to employees of a HSA were reviewed.

**GHIP Strategic Framework Update** will be tabled and not covered at this meeting.

SEBC meeting discussion topics through the Fall 2018 were reviewed, along with the next steps. Data sets and when available were shown.

### **Other Business**

None

### **Public Comments**

Mr. Bill Oberle thanked WTW for their efforts and complimented DHSS on the benchmarking work and requested the committee to discuss the provider side where the cost drivers are and the need to address major issues of the TPA's.

**Motions**

Secretary Johnson asked for a motion to adjourn the meeting. The Lt. Governor made the motion and it was seconded by Secretary Walker. The motion carried unanimously. Meeting adjourned at 3:55 p.m.

Respectfully submitted,

Lisa Porter  
Executive Secretary  
Statewide Benefits Office, DHR